Skills Development and Responsible Business Conduct for Transition
Executive summary

Navigating transformational changes and transitions: the skills development and employment landscape in Thailand’s automotive manufacturing sector

The automotive manufacturing sector in Thailand is undergoing significant transformations, largely driven by technological advancements and the shifts towards electric and other low-carbon vehicles as part of the green revolution. This report, commissioned by the International Labour Organization (ILO) and prepared by Rapid Asia Co., Ltd., with technical guidance from ILO specialists, explores the evolving landscape of skills development and employment within this industry. Recognizing that effective skills development is foundational for the supply of labour, the report highlights the intricate link between equipping the workforce with necessary skills and upholding responsible business practices that contribute to sustainable mobility. This alignment is critical as the industry strives for higher technological integration and more robust yet sustainable practices. Based on an in-depth examination of the employment and skills landscape in Thailand’s automotive manufacturing sector, the report highlights gaps and needs for building a skilled workforce and proposes strategic initiatives and measures to address the needs. The study posed several critical questions to guide this examination and to explore the emerging skill needs as the sector strides towards higher technological integration and more robust yet sustainable practices. Another pivotal aspect of the inquiry focused on the role of skills development measures, especially training and education programmes. The report assesses whether existing initiatives are adequate in equipping the workforce for the industry’s future demands and the improvements needed to enhance their relevance and impact.
Employing a mixed-methods approach comprising qualitative and quantitative methods, the study combined industry data analysis, interviews with stakeholders and surveys with employers and workers to capture the complexity of the manufacturing subsector of Thailand’s automotive sector. Insights from government agencies, manufacturers and supply chain entities provided a holistic view of the industry’s dynamics, particularly as it pivots towards a greener future. All data collection was conducted during September–December 2023. In addition, the ILO organized a consultation and workshop on 6 February 2024 to present the initial findings to a range of stakeholders for validation and to facilitate a collaborative discussion on the preliminary conclusions and recommendations. The following research components involved examination of skill gaps and the crafting of strategic initiatives for skills development, which is crucial for fostering an environment that adheres to responsible business conduct practices.

| Research design and objective: | The research included several stages, including a literature review, methodology development and participant identification for interviews. |
| Data collection: | Data were collected through in-depth interviews and informant interviews involving stakeholders across various levels of the automotive industry, from government bodies to private companies. These interviews helped gather nuanced insights into the skills ecosystem within the sector. |
| Analysis: | The data from different sources were thoroughly analysed to triangulate findings and draw conclusions about the skills supply and demand within the industry. This involved comparing qualitative insights with quantitative data from the surveys and literature. |
| Validation: | Preliminary findings were presented to stakeholders in a validation workshop, which not only confirmed the results but also engaged industry representatives in a dialogue about potential solutions and strategies. |

The report provides a detailed overview of the current and emerging trends affecting Thailand’s automotive manufacturing sector. In general, the findings highlight the need for a strategic evaluation of the skills development framework within the manufacturing subsector to address current and future skill shortages. This will require a collaborative approach among industry stakeholders, educational bodies and the Government to ensure that the workforce transitions effectively into the emerging technological paradigm, thereby securing the sector’s growth and sustainability.

Transformation trends

Thailand’s automotive manufacturing sector, integral to its economic strategy, is transitioning towards electric vehicles in response to global environmental concerns and consumer preferences. The country aims to become a central hub in the ASEAN region for electric vehicle manufacturing. This shift is underpinned by significant growth in electric vehicle purchases and growth in domestic manufacturing and supportive government policies aimed at increasing the number of electric vehicle-charging stations and promoting the adoption of green vehicles. These trends are reshaping the industry’s growth, which presents both opportunities and challenges. There is strong focus on upskilling the workforce to bridge the gap between current skill sets and the emerging needs due to the shift towards more sustainable and technologically advanced manufacturing processes.
Employment trends and occupational shifts

The study’s findings point to the changing employment landscape in the manufacturing subsector of the automotive industry, influenced by customer preferences for environment-friendly vehicles and Industry 4.0 technologies. The emergence of new job roles and the need for diverse skills, mostly in relation to digital skills and skills for green jobs, is evident. There is also a particular shortage in high-tech skills related to electric vehicle components, such as battery production and software for vehicle automation. The necessity for ongoing skills development to manage the transition towards a more digital and automated manufacturing environment is noted.

Integrating responsible business conduct into business practices

The report emphasizes the critical role of responsible business conduct in modernizing the practices of Thailand’s automotive industry. It underscores the necessity of incorporating human rights due diligence and decent work principles as core elements of a business strategy, which are increasingly important in a globally connected market. The commitment to responsible business conduct is intricately linked to workforce development and emphasizes the need to equip all employees, including the 10 per cent of the workforce comprising migrant workers, with the skills required to effectively engage with new technologies while upholding ethical standards.

The systematic exclusion of migrant workers from skills initiatives poses a significant challenge because it leads to disparities in rights protection and access to decent work, undermining the goals of responsible business conduct. To address this issue, comprehensive training programmes are required that embed principles of responsible business conduct into the fabric of everyday business operations, ensuring that all levels of the workforce, regardless of their origin, understand and can implement these practices. The report also discusses the benefits of responsible business conduct to a business’ sustainability and competitive edge, suggesting that companies that proactively adopt a responsible business conduct framework, including the equitable inclusion of migrant workers, are better positioned to attract investment and partnership opportunities. Responsible business conduct practices help mitigate risks by ensuring that companies are proactive in identifying and addressing potential ethical violations before they escalate.
Workforce demographics and the impact on skills development

The report elaborates on the demographic shifts occurring within Thailand’s automotive industry and examines how these changes influence the skills development needs. It highlights that older workers who may not have had the same exposure to digital tools and technologies as their younger counterparts require additional support while they offer invaluable expertise accumulated over the years. The generational disparity poses a unique set of challenges, particularly in upskilling and integrating these employees into a technologically advancing work environment. The findings also highlight the importance of creating tailored training programmes that are sensitive to the varying learning paces and styles of different age groups. There is emphasis on the necessity for businesses to deploy innovative and inclusive training approaches that facilitate lifelong learning. Such initiatives are crucial to ensuring that all employees, regardless of age, can contribute effectively and remain productive as the industry evolves.

The potential of mentorship programmes, whereby more experienced workers pair with younger employees, is presented as an easy-to-adopt solution. This not only facilitates knowledge transfer and fosters intergenerational collaboration but also enhances the social and professional integration of older employees, keeping them more engaged and valued in the workplace. In addition to addressing the challenges, this section also explores the opportunities presented by a diverse workforce, such as the rich experience and industry knowledge that older workers bring. Harnessing these assets through appropriate skills development strategies can lead to a more innovative, resilient and competitive automotive industry.

In terms of ensuring a just transition for older unskilled workers, it is crucial to integrate strategies that specifically address their potential vulnerability in the face of rapid technological changes. This includes developing transition pathways that offer reskilling opportunities aligned with evolving industry needs while also providing robust support systems, such as career counselling and job placement services tailored for older workers. Additionally, enhancing access to flexible learning options that accommodate different life stages can help ease the transition, ensuring that these workers are not left behind as the sector evolves. Policies must also consider the socio-economic aspects of this transition and offer support, such as wage subsidies or temporary income support during training periods.
Emerging needs for soft skills and digital literacy

The discussion highlights the critical demand for soft skills and digital literacy as the automotive industry in Thailand moves towards increasingly sophisticated and integrated technological operations. The necessity for teamwork, analytical thinking and problem-solving is emphasized, illustrating how these capabilities are essential for employees to successfully navigate and contribute to the modern, digitally driven work environment.

Employers recognize that as machines and automation take on more routine tasks, the human workforce needs to excel in areas that require judgement, creativity and interpersonal communication. The report further analyses the integral role of digital literacy in this transformation. As the industry adopts more advanced technologies, including artificial intelligence and robotics, workers must become proficient in digital tools and platforms. This includes not just the ability to use these technologies but understanding their implications on work processes and outcomes to enhance both individual and organizational performance.

In response to these needs, the findings suggest mainstreaming training elements on critical soft skills and digital literacy across all training activities for all levels of a business. Such programmes should be designed not only to improve technical competence but also to foster a culture of continuous learning and adaptation, which is crucial in a rapidly evolving industry. Additionally, the section discusses the strategic importance of these skills in facilitating effective teamwork in technologically complex environments. By enhancing soft skills and digital literacy, employees can better collaborate in diverse teams, lead projects, manage cross-functional initiatives and contribute to innovation.
Addressing skill shortages: Recruitment, in-house training and cooperation with training institutions

This section elaborates on the skill shortages within Thailand's automotive manufacturing sector that may pose a challenge for the industry's growth and adaptability in a competitive global market. It overviews how companies are addressing these gaps through innovative recruitment strategies, robust in-house training programmes and strategic partnerships with educational and training institutions. The findings emphasize the need for recruitment processes that attract the right talent and match individuals to roles that align with their skills and the strategic goals of the organization. This alignment is crucial for maximizing employee contributions and satisfaction.

The report highlights that effective recruitment is only the first step in tackling skill shortages; sustaining and enhancing these skills through continuous development is equally vital. In-house training is portrayed as a cornerstone of skills development that allows companies to tailor learning experiences to specific operational needs and technological advancements. The importance of these programmes lies in their ability to provide targeted, practical training that directly impacts employees' job performance and productivity. The section advocates for these training initiatives to be dynamic and responsive to the rapid changes in technology that characterize the modern automotive industry.

Collaboration with educational and training institutions is discussed as essential for extending learning opportunities beyond the confines of a company. These partnerships can provide access to a broader range of resources, expertise and new perspectives, which are crucial for developing a well-rounded, skilled workforce. Such collaborations can also help ensure that the training programmes are comprehensive and aligned with industry standards and future needs and preparing workers for current roles as well as future advancements in their career.

A good practice exemplifying this is the ILO's partnership with the Automotive Human Resources Development Academy (AHRDA). Managed by the Thai Department of Skill Development, AHRDA has restructured its training programmes to considerably enhance the skills of the sector's workforce. It aims to remain responsive to industry demands, assessing the immediate interests regarding each training course it offers and identifying demands for new courses. This proactive approach ensures that the training provided directly aligns with the evolving requirements of the automotive manufacturing industry, making it a vital component in preparing a highly skilled workforce for Thailand's growing focus on electric vehicle production and other advanced automotive technologies. The partnership with the ILO contributes to AHRDA's capacity in assessing the rapidly changing skill needs. In addition to contributing to inclusive growth, the partnership aims to invest in tools and training programmes that identify the most vulnerable workers and increase their employment resilience. These efforts are instrumental in informing larger strategies that include policy support from the Government and industry bodies to foster an ecosystem conducive to continuous learning and skills development.